

Michigan Qualified Allocation Plan

Hearing November 13, 2007

Lansing, Michigan

Good Morning. I am Tom Higgins, development coordinator for Reenders Inc. We are primarily a developer of Senior and affordable family housing located at 950 Taylor in Grand Haven, Michigan. The primary focus of my remarks today will be directed to the Green and New Urbanism threshold criteria in the proposed Qualified Allocation Plan.

I made very brief remarks at the previous hearing in Detroit but did not have time to give proper elaboration of this important subject. We believe that if these criteria are adopted as currently presented, they will severely limit our ability to find property that may be considered for tax credits.

My job is to find the properties that meet MSHDA's criteria at a price that will enable a development to proceed at affordable prices. In our experience, these new criteria will make that job nearly impossible.

We find a great deal to like in these criteria. We are developers but we also have children to whom we hope to leave a legacy of responsible stewardship. Most of the purely conservation efforts in the QAP are to be lauded, but we ask that they be promoted with incentives rather than mandates until the full effect of their implementation is known. There is a built-in incentive for all participants to implement the conservation criteria. With increasing fuel, electricity and natural resource costs, the payback of the incremental cost is minor compared to the long term savings in operating costs. If you give the incentive of allowing lower operating costs in our formulas for using these cost saving devices, there will be more room in the construction budgets to pay for them. Couple this with additional points in the scoring and you will have a winning combination that we can all live with.

There are a few items that relate to the new urbanism focus of the QAP that seem to be detrimental to the goals that you are trying to achieve, however. I would like to focus on four of them and give real-life examples of how they will limit if not eliminate development in many areas or produce results that are contrary to your good intentions.

1. Project location must include only parcels of land previously developed beyond agricultural or forestry use.
2. Project location must not include land within 100 feet of wetlands, 1,000 feet of a critical habitat on steep slopes or park land.
3. The front facades of at least 80% of all buildings must be no more than 20 feet from the front property line, or internal street setback on private roads.
4. On-street parallel parking must be provided on 50% of both sides of all new public and private streets.

Agricultural Land

In two of our most recent developments, one in Holland and the other in Traverse City, the land had not been developed beyond Agricultural use. In both cases the property is located in the middle of an intensely populated and developed area. One case is the "Buffalo Farm" along US 31 in Traverse City. This area has become almost an alternative downtown for the city with commercial and residential development. We came rather late to the party but the land had either been used for orchard use or farming. This property was farmed as an attraction longer than it otherwise would have been because of its proximity to the city.

The parcel in Holland is again located in the middle of intensively developed land along US 31 that has been in the hands of one family for the past 150 years and has never been developed beyond farming. Over the past thirty years, the development of Holland moved out to this area and then jumped over US 31 and continued east leaving this parcel undeveloped in the middle of the city. When we met the owner of the property, he was already into his 80s and had very definite ideas about the future use of his property. We began by building an assisted living facility that he moved into and spent the final years of his life in our care. He spoke many times about how he had made the right decision choosing us to develop his property. After his death, his family approached us to develop the remaining 10 acres into a senior congregate as a kind of memorial to John. That property would not have been considered under the new QAP.

Wetlands and steep topography

We agree that wetlands should not be destroyed but they can be used as an amenity that enhances the property for resident use. In three of the last four properties we developed, wetlands were present. These were not flood plane areas that regularly were used to catch and filter water as part of an important ecosystem. They were low spots in otherwise flat property that happened to have wetland vegetation growing on them and they were located within 500 feet of a man made ditch that eventually flowed into a regulated water way many miles from our property. We were able to mitigate and move a portion of this wetland to a location nearer the ditch and develop it into a beautiful natural area with walking paths that serves as a sanctuary for wildlife in the middle of the city and an amenity for our residents. This land would not be considered under the new QAP.

Steep slopes are the enemy of the developer. There is again a built-in reason for us to avoid this type of property. In some areas however, the option is not available and if managed properly, can become an interesting amenity. We all want to avoid mass grading of a site: the developer for cost reasons; the manager for safety and convenience of his customer and the conservationist for aesthetic and drainage concerns. We have been able to work with the topography to create interesting and useful building designs that provide view amenities, safety in street design and the ability to use difficult to develop property at a reasonable cost. We use buildings that are three storey on one side and four storey on the other to accommodate the topography. Working with the land rather than against it allows the best of both worlds and MSHDA has the opportunity to help manage the development. This provision of the QAP would eliminate all such properties.

Building within 20 feet of the front setback

We design and build our developments for a senior population. We must maintain a certain level of density to afford the increasingly expensive property but we also must keep the walking distances short from the living units to the common areas. This means that we build three or four story buildings that have relatively short wings to keep our tenants close to the activities. It becomes difficult if not impossible to meet the 20 foot setback criteria and serve our customers at the same time. In addition our covered entrances must meet fire code requirements that demand a 35 foot turning radius at the front of our buildings. Both of these criteria conflict with the QAP to the detriment of the people it is intended to serve.

On street parallel parking

We believe this presents two unintended consequences. These streets must be wider to accommodate the parking along with the traffic flow. The wider streets are more costly to build but also create the need for greater on-site water detention because of the greater amount of land covered by an impervious surface. Our tenants enjoy a double cost increase along with greater congestion. We are also concerned in our family developments about the added danger presented for children. Street side parking presents a perfect opportunity for children to chase their ball into oncoming traffic without being seen.

We are not opposed to the implementation of these good intentioned goals into the land selection criteria over time. We just believe that they should be approached in a methodical, considered way to avoid unintended consequences. We ask that the mandatory criteria be designated as preferred criteria to be used as a tie breaker when two developments are presented and that the whole list of Green and New Urbanism goals be referred to a committee made up of staff, developers and other interested parties with recommendations to be made within one year.

Thank You.